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USDOC FOR 532/OEA/ MCANNER
USDOC FOR 3132 FOR FCS/OIO REGIONAL DIRECTOR PATRICK SANTILLO
BICE FOR OFFICE OF STRATEGIC INVESTIGATIONS

SIPDIS

E.O. 12958: N/A

TAGS: [BMGT](#) [BEXP](#) [HK](#) [ETRD](#) [ETTC](#)

SUBJECT: EXTRANCHECK: POST SHIPMENT VERIFICATION: HWADAR SCIENTIFIC TECHNOLOGY CO.

REF: A) BIS e-mail request dated January 22, 2010 (01210110)

11. Unauthorized disclosure of the information provided below is prohibited by Section 12C of the Export Administration Act.

12. As per reftel A request and at the direction of the Office of Enforcement Analysis (OEA) of the USDOC Bureau of Industry and Security (BIS), Export Control Officer Philip Ankel (ECO) conducted a post shipment verification (PSV) at Hwadar Scientific Technology Co (Hwadar). The item in question for this PSV is a Symmetricom Timeprovider high precision clock exported to Hwadar on or about February 26, 2009. According to information provided by OEA, this system is likely classified under Export Control Classification Number 7A994 and controlled for anti-terrorism reasons, meaning that it can be shipped license free to virtually all destinations and end-users worldwide without a license. Based on the 7A994 classification, a license may be required to ship this item for military end use in mainland China. The exporter was Symmetricom, Inc. of Puerto Rico.

13. According to the Hong Kong Inland Revenue Department Business Registration office, Hwadar has been in existence since 1998. Li, Yiu Sun is listed as the proprietor of the company (it is a sole proprietorship).

14. According to the web site of Rock Electronic (www.rockelec.com), Hwadar is the Hong Kong affiliate of Rock Electronic which is located in Shenzhen. Rock Electronics markets itself as a total solution provider for customers that need timing frequency products or technology. According to its website, Rock Electronics is an authorized distributor for Symmetricom in China although the Symmetricom website does not list Rock Electronic as a distributor. Additional web research reveals an additional web site for Rock Electronic which lists a range of customers including the Xian Institute of Navigation Technology, the Shanghai Astronomical Observatory, China Shipbuilding 722, Chengdu 10 and Chengdu 29.

15. On February 8, 2010, ECO and FCS Commercial Assistant Carrie Chan visited the company at the address noted above and met with Yan Ming, General Manager of Rock Electronic and Zhang Jun, V.P. Sales Manager for Rock Electronic. Mr. Yan Ming's business card also lists Rock Electronic (H.K.) Co., Ltd., and Hwadar Scientific Technology Co. According to Mr. Yan Ming, Hwadar is a subsidiary of Rock Electronic and acts as its shipping and receiving affiliate in Hong Kong. Rock Electronic is a trading company active in the area of timing related electronics. The company's typical customers include the Chinese Academy of Science, ZTE and the Shanghai Astronomy Observatory. Mr. Yan Ming mentioned, at this point, that a license to sell a cesium clock to the Shanghai Astronomy Observatory had been denied in 2009. He inquired whether future applications would likewise be denied.

16. As to the specific shipment in question, Mr. Yan Ming stated that the item was destined for ZTE in Hong Kong. According to Mr.

Yan Ming, ZTE is a global telecom equipment and systems provider. In this case, the item is being combined with other ZTE items (that it cannot itself manufacture) for shipment to Ethiopia for use in a civil telecommunications project there. Mr. Yan Ming provided documentation indicating that the item had been delivered to ZTE (H.K.) Limited.

¶7. Mr. Yan Ming was open and forthcoming during the interview. He indicated that he was keen to keep the company's reputation clear so as to continue to be able to obtain U.S. origin technology.

¶8. Based on the information at hand, ECO finds Hwadar to be a suitable recipient of U.S. origin technology (as consolidator and freight forwarder for Rock Electronic and not necessarily as end user). ECO recommends that BIS may wish to consider Rock Electronic's apparent customers in future licensing decisions.